

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4938-04
Bill No.: HCS for SB 897
Subject: Public Service Commission
Type: Original
Date: April 27, 2010

Bill Summary: This proposal modifies and creates provisions relating to utilities.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
General Revenue	(Up to \$10,654,995)	(Up to \$13,031,128)	(Up to \$13,031,128)
Total Estimated Net Effect on General Revenue Fund	(Up to \$10,654,995)	(Up to \$13,031,128)	(Up to 13,031,128)

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 18 pages.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
The Office of Public Counsel Fund *	\$0	\$0	\$0
The Public Service Commission Fund*	\$0	\$0	\$0
State Agencies	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
Water Permit Fees Fund	\$0	\$0	\$0
Total Estimated Net Effect on Other State Funds	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)

***Offsetting Income and Cost for Public Service Commission Fund and Office of Public Counsel Fund**

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
General Revenue	(12) FTE	(12) FTE	(12) FTE
Office of Public Counsel	Up to 20 FTE	Up to 20 FTE	Up to 20 FTE
Public Service Commission	Up to 26 FTE	Up to 26 FTE	Up to 26 FTE
Total Estimated Net Effect on FTE	Up to 34 FTE	Up to 34 FTE	Up to 34 FTE

☒ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☒ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Local Government	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of the State Treasurer, Office of the Governor, Department of Revenue, Department of Transportation, State Tax Commission, Department of Natural Resources, and the Office of Administration - Administrative Hearing Commission** assume the proposal would not have a fiscal impact on their respective agencies.

According to officials from the **Office of Secretary of State (SOS)**, many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the proposal. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$2,500.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

Officials from the **Office of State Courts Administrator** state this proposal will have no fiscal impact on the Courts.

Officials from the **Missouri Senate** stated this proposal will either have no fiscal impact if it relates to their agency or minimal costs which can be absorbed by present appropriations.

§386.715 - Assessment-based funding mechanism for the Office of Public Counsel

In similar legislation (HB 2408 - FN 5470-01), officials from the **Department of Economic Development (DED)** stated there is no overall impact because of the savings to General Revenue and the impact to the new fund. The budgeted amount for the Office of Public Counsel (OPC) for FY 2010 is \$880,809 (\$657,634 personal service and \$223,175 in expense and equipment) for 12.0 FTE. DED stated fringe benefits should also be added on to these appropriated amounts to arrive at a complete cost for OPC.

This proposal has an emergency clause, so Oversight assumes an assessment could be rendered on July 1, 2010 and payments could be made into the new fund in FY 2011.

This proposal will increase Total State Revenues.

ASSUMPTION (continued)

393.150 - Rate Case Processing

According to officials from the **Office of Public Counsel (OPC)** this proposed legislation would create significant additional responsibilities for the OPC staff requiring the addition of 8 FTEs to participate in additional rate case procedures.

This proposal will create additional regulated electric utility rate increases outside the approval of the Missouri Public Service Commission and will cause more frequent regulated utility rate increase requests which must be processed within a compressed amount of time.

This proposal would create significant additional duties and responsibilities. These additional duties and responsibilities include, but may not be limited to; participating in increased proceedings before the PSC to establish rates of regulated utilities, and increase in necessary staffing levels to meet compressed time frame for proceedings before the PSC.

According to officials from the Public Service Commission (PSC), to process rate cases as required by §393.150, the following FTE will be required:

Two additional Regulatory Law Judges will be needed to process the rate cases. Several rate cases are always pending at the Commission. The compressed time line will require current judges to work exclusively on an assigned rate case while other judges process other cases. Law Judges must draft proposed and final Commission orders and provide Commission with sound legal analysis and well-drafted documents in a timely manner. They aid the Commissioners' review of the record, pleadings and applicable law in docketed cases before the Commission's discussion of issues presented, as well as advise the Commission on other legal questions when requested. Judges conduct hearings, rule on the admission of evidence, and other matters.

The Staff Counsel's office will need to have two attorneys dedicated full time to each rate case, one primarily for discovery and the other primarily to process and oversee the case. Several rate cases are always pending at the PSC, currently there are four.

Assuming testimony deadlines are the same or shorter, we would still need at least three additional attorneys in the case part time to process it. Note there should be issues in the future that will require resources due to their novelty as well as their existence-fuel adjustment clauses, environmental recovery mechanisms, energy efficiency, renewable energy, etc.

Staff attorneys perform legal research and prepare briefs, pleadings, and other documents, memoranda and orders as appropriate before the Commission and before all levels of courts and

ASSUMPTION (continued)

federal agencies. They assist and advise agency staff in preparation of evidence, comments, and argument in all cases heard before the Commission, courts, and other regulatory bodies in which the Commission may be a party.

4 attorneys with 5+ years experience, Senior Counsel;

1 paralegal; and

1 administrative support personnel.

Utility Services will require a consultant for a 2 year period (\$100,000 per year) to perform Staff rate case functions (e.g. rate of return studies, audits, depreciation analysis) while existing staff transition into surveillance mode to monitor utility results to be more informed at the time a utility files a case, thus able to process a rate case faster.

Utility Operations staff considers the following requested FTE to be the minimum new FTE required to fulfill the requirements of the legislation. Existing Operation staff plays a key role in various components of completing rate cases at the current schedule of 11 months. The proposed legislation basically reduces the time line in half, so Operations staff will need to be increased significantly to complete the same work in the shorter time period. Making the task even more difficult is the possibility of multiple rate cases being filed at the same time. For instance, at this time, there are six pending rate cases for gas, electric and water companies, all of which have very close time lines. Similarly, while the Water & Sewer Department only has one company that typically files under the 11-month rate schedule, they also simultaneously process multiple small company rate cases, which proceed on a more compressed schedule.

5 Economists I/II (Economic Analysis) at 10-15% travel

1 Economist I/II (Energy Resource Analysis) at 10-15% travel

1 Economist III (Tariff/Rate Design) at 10-15% travel

2 Engineering Specialist I/II (Engineering Analysis) at 10-15% travel

1 Utility Auditor I/II (Tariff/Rate Design) at 10-15% travel

1 Utility Auditor I/II (Water & Sewer) at 10-15% travel

1 Rate & Tariff Examiner III (Tariff/Rate Design) at 10-15% travel

2 Rate & Tariff Examiners I/II (Tariff/Rate Design) at 10-15% travel

1 Rate & Tariff Examiner I/II (Water & Sewer) at 10-15% travel

ASSUMPTION (continued)

Operations Job Functions:

Regulatory Economist I/II (Economic Analysis) - Responsible for economic work in the analysis of rate cases. These positions are responsible for completing class cost of service studies to estimate the impact of rate increases on customer classes. These positions would also evaluate costs included in cost recovery mechanisms such as the fuel adjustment clause and environmental cost recovery mechanisms. These positions would serve as expert witnesses in cases before the commission.

Regulatory Economist I/II (Energy Resource Analysis) - Responsible for economic work in the analysis of rate cases. This position is responsible for analyzing demand-side management programs and cost recovery associated with this analysis. This position would also evaluate costs included in fuel adjustment clause. This position would serve as an expert witness in cases before the commission.

Regulatory Economist III - Responsible for economic work in the analysis of rate cases. This position is also responsible for completing class cost of service studies to estimate the impact of rate increases on customer classes, calculating weather normalization and customer class annualization of rates. This person would attend local public hearings and may serve as an expert witness in cases before the commission.

Utility Engineering Specialist III/Utility Engineer I - Responsible for auditing the engineering aspects of facilities included in rate base, completing load analysis and calculating fuel runs. These positions monitor utility vegetation management and infrastructure reliability. These positions would regularly serve as expert witnesses in cases before the commission.

Utility Regulatory Auditor I/II (Tariff/Rate Design) - Responsible for analyzing and evaluating complex rate design proposals and tariffs. Works with Regulatory Economists in developing rate design, annualizing rates and weather normalization. Completes analyses related to low income programs. Responsible for analyzing financial information related to revised rate cases. This person may attend local public hearings. This person would regularly serve as an expert witness in cases before the commission.

Utility Regulatory Auditor I/II (Water & Sewer Department) - Responsible for analyzing and evaluating complex rate design proposals and tariffs. Works with Rate and Tariff Examiners in developing rate design. Responsible for analyzing financial information related to revised rate cases. This person would attend local public hearings and would regularly serve as an expert witness in cases before the commission.

ASSUMPTION (continued)

Rate and Tariff Examiner III - Responsible for analyzing and evaluating complex issues related to proposed rates and tariffs. Work involves assisting Regulatory Economists and Auditor in the development of Staff positions related to the revised rates, and preparation of material which may be used as testimony in PSC hearings. Attends local public hearings and assists consumers with questions related to rates and service quality issues. This person may also serve as an expert witness in cases before the commission.

Rate and Tariff Examiner I/II (Tariff and Rate Design) - Responsible for analyzing and evaluating issues related to proposed rates and tariffs. Assists Rate and Tariff Examiner III in gathering data to be used in the development of Staff positions related to the revised rates. This person may also serve as an expert witness in cases before the commission.

Rate and Tariff Examiner I/II (Water & Sewer) - Responsible for analyzing and evaluating issues related to proposed rates and tariffs. Assists other Water & Sewer Department FTE in gathering data to develop staff positions related to revised rates. Reviews consumer comments related to rate issues and service quality issues. This person may also serve as an expert witness in cases before the commission.

PERSONAL SERVICE - 26 FTE

EXPENSE & EQUIPMENT -

One time purchase of equipment and furniture - \$104,514

Office Supplies, Telephone Service, Training, Publications/Subscriptions and estimated Travel Expenses (\$3,888/year x 26 FTE)

Office Space Rental based on 200 sq. ft x \$10.20/per sq. ft./year x 26 FTE = \$53,040/year

§393.1000 and 393.1003 - Infrastructure System Replacements (ISRS) for Water Corporations

Officials from the **Department of Economic Development - Office of Public Counsel (OPC)** state this proposal would expand existing legislation so that at least five more service areas for major population centers could take advantage of the opportunity to adjust rates. Currently only one service area has this option. The proposed legislation also expands the definition of "Water utility plant projects" such that items are included that will raise the question of prudence on investment question. Prudence audits require significantly more analysis than investment verification analysis and require both financial and engineering analysis. Expansion of eligibility for the single issue rate mechanism provided under this legislation also increases the number of rate cases, thus requiring additional resources to analyze all utility costs and process the rate case

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before the PSC. Single issue rate mechanisms that exclude consideration of other utility operating revenues, costs, and net investments do not provide ratepayers assurance that the ratepayers are paying just and reasonable rates in total. The required rate case will be the only opportunity to ensure that total rates are just and reasonable.

This proposal will create significant additional responsibilities for OPC staff, requiring the addition of 3 FTE's with specific professional expertise to address the complex legal, engineering and financial issues that will be raised by this proposed legislation. This legislation significantly expands the service territories that could face rate increases and also expands existing statutory authority. This expansion results in new regulatory issues currently not addressed. The legislation effectively will require additional mandatory rate cases which are necessary in order to consider all relevant factors of a utility consistent with case law on setting rates.

Oversight assumes this proposal could result in unknown rate increases for state government, local government, and small businesses.

§644.054.1 - Missouri Clean Water Law

Officials from the **Department of Natural Resources** assume §644.054.1 of this proposal would extend the existing water permit fee rate structure for wastewater permits imposed under the water pollution statutes until December 31, 2012 (FY 2013). This extension does not affect the department's authority regarding these issues. Based on the number of active permits and the revenue trends seen over the previous two years, this proposal is estimated to generate an estimated \$4.3 million in revenue annually.

Oversight assumes the revenue generated from the proposal will provide the resources needed to administer the program and the net estimated effect of the extension would be \$0.

§660.122 - Utilicare

According to the **Department of Social Services - Family Support Division (DOS-FSD)**, §660.122 allows for households who have paid or attempted to pay their utility bills to receive assistance under the Utilicare program, provided they meet current eligibility requirements and guidelines. Currently, individuals must have their utility service disconnected or be in receipt of a shutoff notice in order to qualify.

It is estimated that there are 270,808 primary families at or below 150% of federal poverty level. Low Income Home Energy Assistance Program (LIHEAP) income eligibility ends at 135% FPL, but census tables are available only in 25% increments. Thus the number of families at 135% FPL or below is likely between 209,447 and 270,808. According to Missouri's Federal Fiscal

ASSUMPTION (continued)

old Report, 117,935 households received crisis funding. Based on these figures, expanding the eligibility for crisis beyond households who have had utilities shut off or received notices of service termination to all households who meet the income criteria could potentially increase the pool of eligible households by anywhere from 91,512 to 152,873. The number could possibly be greater depending on the number of households at 135% or below the poverty rate at a given time.

153,577 households received non-crisis energy assistance in FFY09. Assuming the difference between those households and the 117,935 households who received crisis funding represents the minimum of additional households who may receive crisis funding under the proposed legislation, 35,642 families who received non-crisis benefits could become eligible for Utilicare crisis funds. Using an average benefit amount of \$400, if the legislature wanted to fully fund this additional caseload with Utilicare funds, the cost would be \$14,256,800.

The potential number of new families who may be able to apply for crisis funding if the current definition of crisis is expanded is estimated below:

Income-to-Poverty Ratio in 2008

Below 125%	209,446
125% to below 150%	61,361
150% and above	<u>1,331,236</u>
Totals	1,602,044

Source: U.S. Census Bureau - Current Population Survey, Annual Social and Economic Supplement, 2009

Utilicare funding is subject to appropriation. If the language in the proposal is adopted, this proposed legislation would increase the number of eligible households, so the numbers of households served would be in part determined by the level of appropriation set by the legislature and in part by the size of individual utility payments. The increasing amount of eligible households may lead the legislature to set appropriation at a higher level, but this is unknown. DOS-FSD is providing an impact of unknown but greater than \$100,000.

Oversight assumes the proposal would result in an annual cost to General Revenue up to (\$14,256,800).

In response to the introduced version of this proposal, officials from the **Little Blue Valley**

ASSUMPTION (continued)

d this proposed legislation would not affect their district.

Officials from **St Louis County** assumed no savings or costs associated with this proposed legislation.

This proposal was sent to several other Water and Sewer Districts, none of which responded to a request for fiscal note.

<u>FISCAL IMPACT - State Government</u>	FY 2011 (10 mo)	FY 2012	FY 2013
GENERAL REVENUE FUND			
<u>Savings</u> - Office of Public Counsel			
Personal Service (12 FTE)	\$657,634	\$657,634	\$657,634
Fringe Benefits	\$344,863	\$344,863	\$344,863
Expense and Equipment	<u>\$223,175</u>	<u>\$223,175</u>	<u>\$223,175</u>
<u>Total Savings</u> - OPC (\$386.715)	\$1,225,672	\$1,225,672	\$1,225,672
 <u>Cost</u> - Department of Social Services - Family Support Division - Increased Utilicare disbursements (\$660.122)	 (Up to <u>\$11,880,667</u>)	 (Up to <u>\$14,256,800</u>)	 (Up to <u>\$14,256,800</u>)
 ESTIMATED NET EFFECT ON GENERAL REVENUE	 <u>(Up to \$10,654,995)</u>	 <u>(Up to \$13,031,128)</u>	 <u>(Up to \$13,031,128)</u>

STATE AGENCIES

<u>Cost</u> - State Agencies - Increased water service rates (\$393.1000 & 393.1003)	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
 ESTIMATED NET EFFECT ON STATE AGENCIES	 \$0 to (Unknown)	 \$0 to (Unknown)	 \$0 to (Unknown)

<u>FISCAL IMPACT - State Government</u>	FY 2011 (10 mo)	FY 2012	FY 2013
THE OFFICE OF PUBLIC COUNSEL FUND			
<u>Income</u> - Increased assessments on regulated utilities (\$386.715)	\$1,225,672	\$1,225,672	\$1,225,672
<u>Income</u> - Increased assessments on regulated utilities (\$386.715)	Up to \$501,843	Up to \$565,598	Up to \$582,772
<u>Costs</u> - Office of Public Counsel			
Personal Service (12 FTE)	(\$657,634)	(\$657,634)	(\$657,634)
Fringe Benefits	(\$344,863)	(\$344,863)	(\$344,863)
Expense and Equipment	<u>(\$223,175)</u>	<u>(\$223,175)</u>	<u>(\$223,175)</u>
Total Costs - OPC (\$386.715)	(\$1,225,672)	(\$1,225,672)	(\$1,225,672)
<u>Costs</u> - Office of Public Counsel			
Personal Service (8 FTE)	(Up to \$282,066)	(Up to \$348,633)	(Up to \$359,092)
Fringe Benefits	(Up to \$147,915)	(Up to \$182,823)	(Up to \$188,308)
Expense and Equipment	<u>(Up to \$71,862)</u>	<u>Up to \$34,342</u>	<u>(Up to \$35,372)</u>
Total Costs - OPC (\$393.150)	<u>(Up to \$501,843)</u>	<u>(Up to \$565,798)</u>	<u>(Up to \$582,772)</u>
ESTIMATED NET EFFECT ON THE OFFICE OF PUBLIC COUNSEL FUND			
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Estimated Net Effect on FTE to Public Counsel Fund	Up to 20 FTE	Up to 20 FTE	Up to 20 FTE

<u>FISCAL IMPACT - State Government</u>	FY 2011 (10 mo)	FY 2012	FY 2013
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**PUBLIC SERVICE COMMISSION
FUND**

<u>Income</u> - Public Service Commission (PSC) - Assessments to recover regulation costs (§393.150)	Up to \$1,868,623	Up to \$2,156,837	Up to \$2,118,541
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Costs - PSC

Personal Service (Up to 26 FTE)	(Up to \$1,009,349)	(Up to \$1,247,555)	(Up to \$1,284,981)
Fringe Benefits	(Up to \$529,303)	(Up to \$654,218)	(Up to \$673,844)
Expense and Equipment	(Up to 329,971)	(Up to \$255,064)	(Up ro \$159,716)
Total Costs - PSC (§393.150)	(Up to <u>\$1,868,623</u>)	(Up to <u>\$2,156,837</u>)	(Up to <u>\$2,118,541</u>)

**ESTIMATED NET EFFECT ON
PUBLIC SERVICE FUND**

<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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Estimated Net Effect on FTE to Public Service Fund	Up to 26 FTE	Up to 26 FTE	Up to 26 FTE
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WATER PERMIT FEES FUND

<u>Revenue</u> - Department of Natural Resources (DNR) - Other Fund Costs (Water Permit Fees) (§644.054)	Unknown	Unknown	Unknown
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Cost - DNR - Other Fund Costs (Water Permit Fees (§644.054)	(<u>Unknown</u>)	(<u>Unknown</u>)	(<u>Unknown</u>)
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**ESTIMATED NET EFFECT ON
WATER PERMIT FEES FUND**

<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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FISCAL IMPACT - Local Government	FY 2011 (10 Mo.)	FY 2012	FY 2013
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LOCAL POLITICAL SUBDIVISIONS

Cost - Local Political Subdivisions -
 Increased water service rates (§393.1000
 & 393.1003

\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
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**ESTIMATED NET EFFECT ON
 LOCAL POLITICAL SUBDIVISIONS**

<u>\$0 to</u> <u>(Unknown)</u>	<u>\$0 to</u> <u>(Unknown)</u>	<u>\$0 to</u> <u>(Unknown)</u>
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FISCAL IMPACT - Small Business

According to officials from the Office of Public Counsel this proposal could create a negative economic impact on small business. This proposed legislation provides regulated utilities with a mechanism to raise rates more frequently and within a compressed amount of time.

FISCAL DESCRIPTION

§386.715 - This proposal creates an assessment-based funding mechanism for the Office of the Public Counsel within the Department of Economic Development similar to that currently utilized by the Missouri Public Service Commission. Prior to the beginning of each fiscal year, the counsel will present to the commission its estimated expenses attributable to the regulation of public utilities under §386.020, RSMo.

The amount so allocated to telephone corporations shall not exceed ten percent of the total estimated expenses directly attributable to the OPC responsibilities under §386.700 to 386.710.

The total amount of the counsel's assessment cannot exceed two hundredths of 1% of the total gross intrastate operating revenues of all regulated utilities. In order to allow these calculations, every regulated utility must file a statement of its gross intrastate operating revenues on or before March 31 with the commission.

The assessments rendered by the counsel will be made available to the utilities on or before July 1 with the payment due either on or before July 15 or in four equal installments throughout the fiscal year. The moneys from the assessments will be deposited into the newly created Public Counsel Fund. Moneys remaining in the fund will not revert to the General Revenue Fund.

FISCAL DESCRIPTION (continued)

§386.900 - Any retail electric supplier may make application to the commission to approve rate schedules authorizing periodic rate adjustments outside of general rate proceedings to recover all prudently incurred costs, including the supplier's currently authorized return on equity, of investments and installations of smart grid and voltage regulation technologies that reduce energy consumption or improve grid efficiency. As used in this section, the term "retail electric supplier" means any electrical corporation regulated by the commission.

§393.150 - As the party with the burden of proof, the gas corporation, electrical corporation, water corporation or sewer corporation shall submit written direct testimony in support of its filing at the time the filing is made, those parties not bearing the burden of proof shall have the opportunity to submit written rebuttal testimony relating to the filing no later than the date that leaves at least sixty percent of the period of suspension remaining, and said corporation shall have the opportunity to submit written rebuttal testimony no later than the date that leaves at least forty percent of the period of suspension remaining.

Where the commission further suspends any schedule that seeks to state a new rate, the commission shall determine the new rate utilizing certain information updated as of sixty days prior to the end of the period of suspension. Such updated information shall include all additions to plant-in-service and all significant changes to expenses and revenues and such other changes as are necessary to maintain a proper matching of revenues, expenses and rate base.

§386.210 - This section allows members of the Public Service Commission (PSC) to appear in proceedings of the Federal Energy Regulatory Commission, the Nuclear Regulatory Commission, the Federal Communications Commission or any other federal agency with jurisdiction over a PSC-regulated utility or that could impact utility service in Missouri. The PSC may file or participate in appeals from these same federal commissions or agencies.

This section contains an emergency clause.

Section 386.715 - Before the start of each new fiscal year, the Office of Public Counsel (OPC) must inform the PSC of its estimated expenses for the succeeding year. The OPC must specify how much of its estimated expenses are directly attributable to its work with each type of PSC-regulated public utility (i.e., electric, gas, water, heating, telephone, telegraph, and sewer) as well as the amount of expenses that are not directly attributable to one specific type of utility. Costs for telephone companies may not exceed 10% of the total directly attributable costs. Costs not directly attributable to one specific type of utility must be proportionately attributed to each utility type based on each utility type's percentage of total gross intrastate operating revenues across all utilities.

FISCAL DESCRIPTION (continued)

The PSC must levy an assessment to each regulated public utility to cover its share of the OPC's costs. The total amount levied to all utilities must not exceed 200ths of 1% of the total gross intrastate operating revenues of all regulated utilities. The PSC must issue a statement of the assessment amount to each utility by July 1st of each year, which the utility may pay in full by July 15th or in 4 equal quarterly installments.

The payments are to be deposited in the Public Counsel Fund, created in the act, and may only be used to pay the expenses of the OPC. Any balance remaining in the fund at the end of the fiscal year must be proportionately credited to the next year's assessments.

The proposal does not grant authority to the PSC to determine how the OPC estimates its expenses or how the OPC will spend the assessments collected from the utilities.

By March 31st of each year, each regulated utility must file a statement with the PSC of its gross intrastate operating revenues for the preceding calendar year.

Section 393.150 - This section reduces the period of time, from 120 to 90 days, in which the PSC may suspend proposed new rates by a gas, electric, water, or sewer company while it holds a hearing to determine the appropriateness of the rates. The proposal also reduces the period of time, from 6 to 2 months, in which the PSC may extend the rate suspension time in order to complete the hearing.

The proposed legislation prescribes dates by which rebuttal and surrebuttal testimony must be submitted to the PSC for a rate case. The PSC must issue its order no later than 20 days before the end of the suspension period or extended suspension period, and the order must go into effect within 10 days.

§393.1000 and 393.1003 - Under current law, only water companies that provide service to customers in St. Louis County may establish a surcharge for infrastructure system replacements (ISRS). The proposal allows any water company, after August 28, 2011, to establish such ISRS rates. The proposal lowers the current ISRS revenue requirement from \$1 million to \$10,000, and adds energy efficiency projects to the types of projects for which an ISRS may be used.

§644.054 - Under current law, the authority expires on December 31, 2010 for the Clean Water Commission to charge fees for construction permits, operating permits, and operator's certifications related to water pollution control. This act extends the expiration date to December 31, 2012.

FISCAL DESCRIPTION (continued)

The proposal removes the provision that requires a joint committee to study the water pollution control fees and the state's implementation of the federal clean water program and report by December 31, 2008.

§660.122 - Any attempt to pay, or actual payment of, an electric or gas utility bill shall not adversely affect the assistance that an otherwise eligible household may receive through Utilicare. The act removes the current requirement that households have had their service disconnected before being eligible for assistance.

Electric or gas companies shall allow customers who develop an arrearage during the Cold Weather Rule to pay one-third of the arrearage in each of the 3 months following the Cold Weather Rule period in order to retain service.

§386.210 of this proposal has an emergency clause.

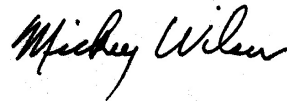
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Revenue
Office of State Treasurer
Department of Transportation
Department of Social Services
 Family Support Division
Missouri Senate
Missouri State Tax Commission
Office of Administration
 Administrative Hearing Commission
Office of the Governor
Department of Natural Resources
Office of Secretary of State
 Administrative Rules Division
Little Blue Valley Sewer District
St Louis County

NOT RESPONDING

Water and Sewer Districts



Mickey Wilson, CPA
Director
April 27, 2010